The New Deal

Daniel J.B. Mitchell

Feb. 24, 2009

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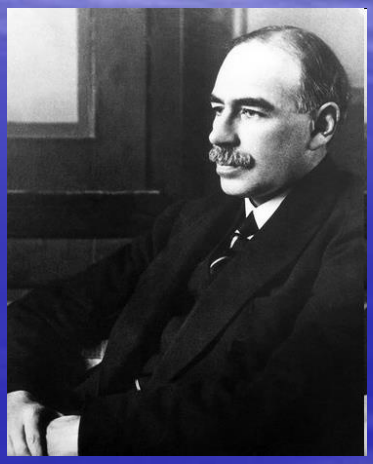
What it wasn't



- Coherent
- Labor union - centric
- Keynesian
- Based on any other macroeconomic theory because there really was no such thing as macroeconomics
- Based on the data you now see about the Depression such as unemployment or GDP
- Conventional

Path Dependence

Path Dependence

- William Jennings Bryan and free silver in 1890s
- Social activism in New York State and City
- Economic planning in WWI
- Big firm model of economic planning
- Communism/fascism economic planning
- Democrats: Party of the South for free trade
- Republicans: Party of the North and Big Business for import protection

Themes

Then	Now
Save the banks	Closest parallel
Job creation	Shovel ready
Economic planning	No obvious parallel
Fear → confidence	Presidential confidence?
Raise prices including gold policy	No parallel goal and no similar monetary ideas
Raise wages	No parallel
Ad hoc industry measures	Automobile industry bailout
Trade liberalizing	TBD
Tax raising	Tax cutting
Social insurance	Health care

Save the Banks

In a financial crisis you need to do two things:

- Bail out the bank
- Shoot the banker
  - Economist: Moral hazard
  - Politician: Public support

Save the Banks

"All the News That's Fit to Print."

The New York Times.

LATE CITY EDITION
WEATHER—Fair today; tomorrow cloudy, warmer, rain following
Temperatures Yesterday—Max., 46; min., 31.

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VOL. LXXXII....No. 27,435. Entered as Second-Class Matter, Postoffice, New York, N. Y. NEW YORK, MONDAY, MARCH 6, 1933. TWO CENTS in New York City. THREE CENTS Within 250 Miles. FOUR CENTS Elsewhere Except in 7th and 8th Postal Zones.

ROOSEVELT ORDERS 4-DAY BANK HOLIDAY, PUTS EMBARGO ON GOLD, CALLS CONGRESS

HITLER BLOC WINS A REICH MAJORITY; RULES IN PRUSSIA

Stay-at-Homes Turn Out and Give Government 52% of 39,000,000 Record Vote.

NAZIS ROLL UP 17,300,000

Get 44% of Total Poll and Even Wrest the Control of Bavaria From Catholics.

ELECTION IS PEACEFUL

Berlin Is Closely Guarded—The Stahlhelm Holds Parade Under Sunny Skies.

By FREDERICK T. BIRCHALL.
Special Cable to THE NEW YORK TIMES.

BERLIN, Monday, March 6.—With almost mathematical precision the results in yesterday's German elections for the Reichstag and the Prussian Diet bear out the predictions based on the pre-election campaign. Just as two and two make four, so suppression and intimidation have produced a Nazi-Nationalist triumph. The rest of the world may now accept the fact of ultra-Nationalist domination of the Reich and Prussia for a prolonged period with whatever results this may entail.

[illegible] o'clock this morning, when 70 out of the Reich's eligible [illegible] 44,000,000 counted and [illegible]very indication of a probable vote of 90 per cent, exceeding all precedents Nazi-Nationalist control of the Reichstag was assured. The Nazis will have at least 288 seats and the Nationalists 53 more, giving them together 341 seats, or a clear 52 per cent in a total of 648.

The tabulated vote follows:

	Vote.	Seats.
National Socialists	17,300,000	288
Nationalists	2,100,000	53
Socialists	7,000,000	118
Communists	4,800,000	81
Centrists and Bavarian People's Party	5,500,000	91
People's Party and Allied Groups	1,011,000	12
State (Democratic)	333,000	5
Total	39,047,000	648

The Nazis have increased their vote to 44 per cent of the adult population, or 11 per cent over that of last November and 6¼ per cent over their previous high-water total of last July. The Nationalist increase is barely 1 per cent over their vote of last November. This, therefore, is a Nazi rather than a Nationalist triumph.

Nazis Control Bavaria.

Apart from the size of the vote—the 90 per cent of the eligible voters being as nearly unanimous as any election in any large country has ever shown—the sensation of the election is that the Nazis have wrested control of Bavaria from the Catholics. They have wiped out the deficit in their November vote compared with that of July and have beaten the Bavarian People's party by approximately 600,000. This is likely to dispose of any dream of restoring the Wittelsbach monarchy in Bavaria, as it will of the idea of a possible secession of Bavaria from the Reich.

More than this, in the city of Cologne, the Catholic capital of

Mob Attacked Stalin's Home In Wide Revolt, Tokyo Hears

Wireless to THE NEW YORK TIMES.

TOKYO, Monday, March 6.—Private information reaching Tokyo states that discontent due to famine conditions is so acute in Soviet Russia that a mob attacked Joseph Stalin's house in Moscow on Jan. 29 and was driven off by troops after 400 persons had been killed. Other reports from Siberia, partly corroborated by information reaching military circles here, indicate the farmers are in widespread revolt. Serious disturbances occurred at Irkutsk, and 60,000 men are said to have joined the revolt, including Communists and Red soldiers.

The Japanese discount a good part of these rumors, but they come from too many sources to be entirely ignored. It is believed these disturbances are much more serious than the Soviet Government has admitted.

CERMAK NEAR END; LAPSES INTO COMA

Death Is Imminent From Shot Aimed by Zangara at Roosevelt.

FAMILY AT HIS BEDSIDE

Third Transfusion Futile in 19-Day Fight to Save Chicago Mayor in Miami Hospital.

By The Associated Press.

MIAMI, Fla., Monday, March 6.—Physicians at Mayor Anton Cermak early this morning relinquished hope for his life.

In a bulletin issued at 12:30 A. M., the physicians said that Mayor Cermak was in a condition of coma and that he probably would live only a few hours. The bulletin said Mr. Cermak was "failing rapidly."

It was issued after a third blood transfusion had been administered yesterday in an attempt to save his life.

The Mayor's right lung, punctured on the night of Feb. 15 by a bullet from the pistol of the assassin, Joseph Zangara, in an attempt to kill Franklin D. Roosevelt, was aspirated yesterday and physicians found a gangrenous condition.

Father Morrison of St. Bartholomew's Church in Chicago entered the sun parlor room at 1:15 A. M. Mayor Cermak's wife was a Roman Catholic and his children are of that faith.

The Fourth Cavalry Brigade of Major Gen. Kennosuke Mogi, pushing on from Chinlingtze, 100 miles northeast of Chengteh, captured Weichiang, fifty-five miles to the southwest, the centre of the Jehol opium-producing region, after stiff fighting.

JAPANESE PUSH ON IN FIERCE FIGHTING; CHINA CLOSES WALL

Jehol Forces Offer Stoutest Resistance of Campaign as They Are Cornered.

BUT LOSE ANOTHER PASS

Chang's Troops at Kupei Bar Retreat Southward to the Peiping Area.

NANKING ADMITS DEFEAT.

Asserts "What Will Happen Next Depends on Military"—Tientsin Fears Clashes.

By The Associated Press.

TOKYO, March 5.—Rengo (Japanese) news agency dispatches from Chengteh (Jehol City) today said the final phase of the Japanese campaign in Jehol Province, a move to seize passes in the Great Wall north and northeast of Peiping, was producing some of the most bitter fighting of the whole drive. Censored Chinese units were resisting desperately.

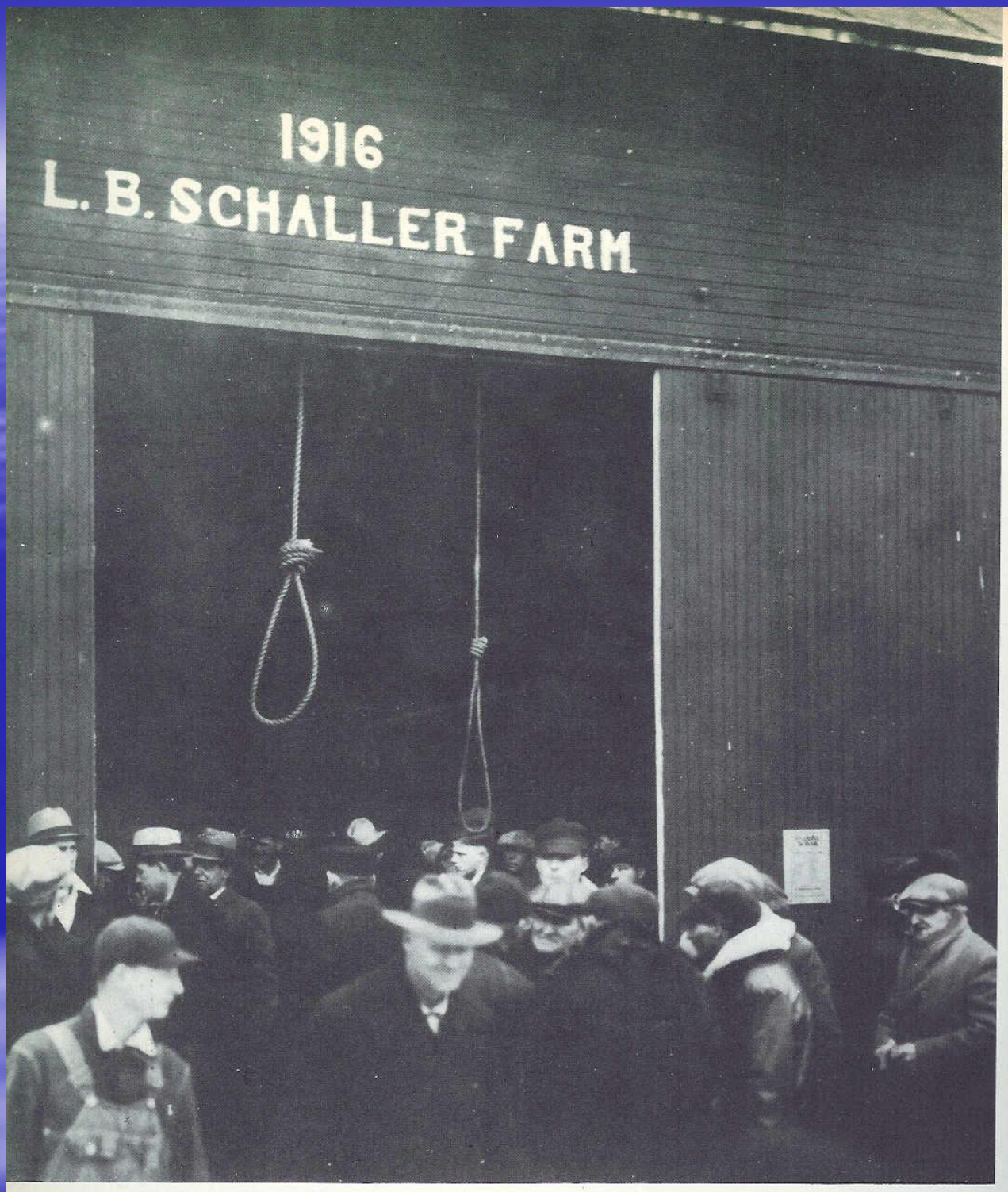
The Sixteenth Infantry Brigade of Major Gen. Tadashi Hawahara, en route to Koupei Pass through the wall, fought fiercely with remnants of the troops of Tang Yu-lin, Governor of Jehol Province, ten miles west of the provincial capital, Chengteh. Thereafter the detachment advanced to Chengdehshu, which is sixteen miles northeast of the pass.

Marshal Chang Hsiao-liang, military commander of North China, was reported to have fled to K

Raise Confidence

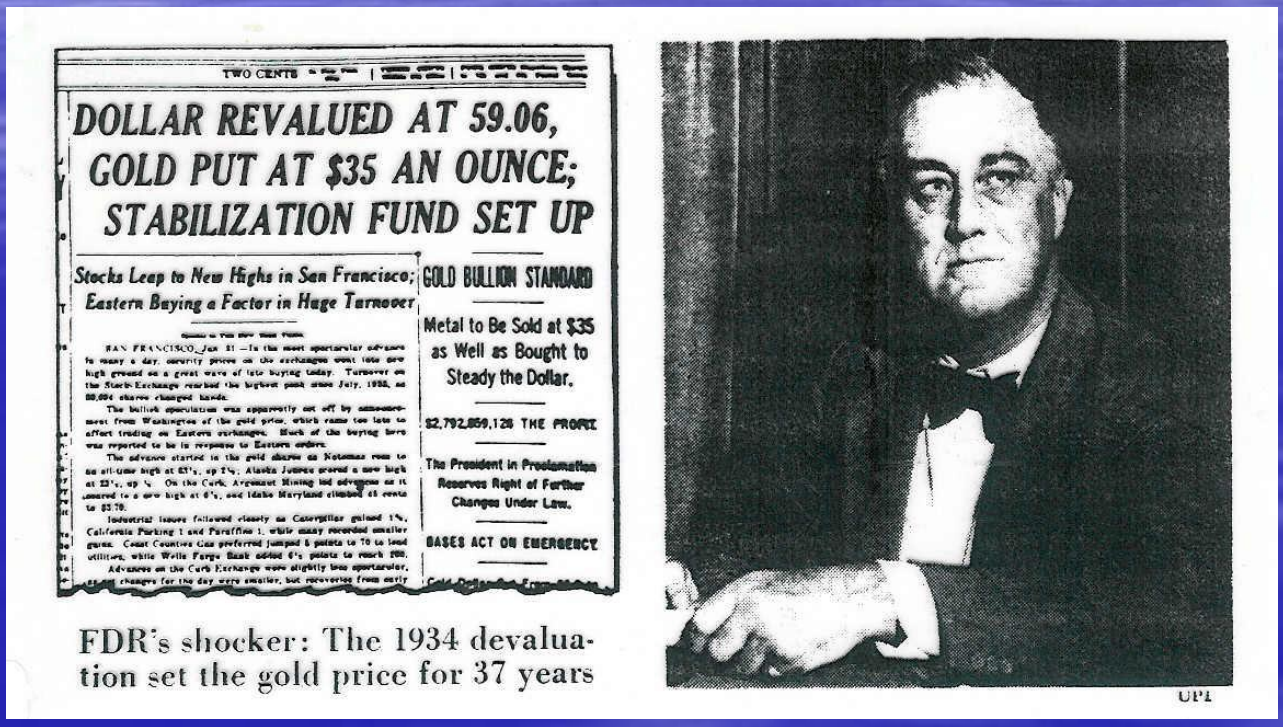
Raise Prices

- Reflation back to 1929 level would return 1929 good times
  - Note potential contradiction to motive for wage raising: real wage idea not clear
- Debt-deflation approach
- Rural unrest
- George Warren-Frank Pierson misunderstanding of modern money
- Lack of distinction between demand-driven price increases and cartel-driven price increases



During the late winter and spring of 1933 the troubles of the mid-Western farmers were greatly aggravated by innumerable foreclosures under mortgages which they were unable to pay. In some sections the farmers met the problem by holding so-called "penny auctions", through which they saved their property and at the same time fulfilled the legal requirements of the mortgage. This photograph shows such an auction in progress near Haskins, O., where the Sheriff, to satisfy an $800 mortgage, offered at public sale all farm equipment owned by Walter Crozier, who operated the L. B. Schaller farm. The sale brought a total of $1.90, the farmers bidding 5 cents each for horses, 6 cents for a cow, etc. Next day all the property was returned to Crozier. The two nooses dangling in the barn door were installed as a warning to outsiders not to interfere with the bidding. None did.

Raise Prices



TWO CENTS

DOLLAR REVALUED AT 59.06, GOLD PUT AT $35 AN OUNCE; STABILIZATION FUND SET UP

Stocks Leap to New Highs in San Francisco; Eastern Buying a Factor in Huge Turnover

GOLD BULLION STANDARD

Metal to Be Sold at $35 as Well as Bought to Steady the Dollar.

$2,792,859,128 THE PROFIT

The President in Proclamation Reserves Right of Further Changes Under Law.

BASES ACT ON EMERGENCY

FDR's shocker: The 1934 devaluation set the gold price for 37 years

UPI

George F. Warren

UNDER EXECUTIVE ORDER OF THE PRESIDENT

all persons are required to deliver

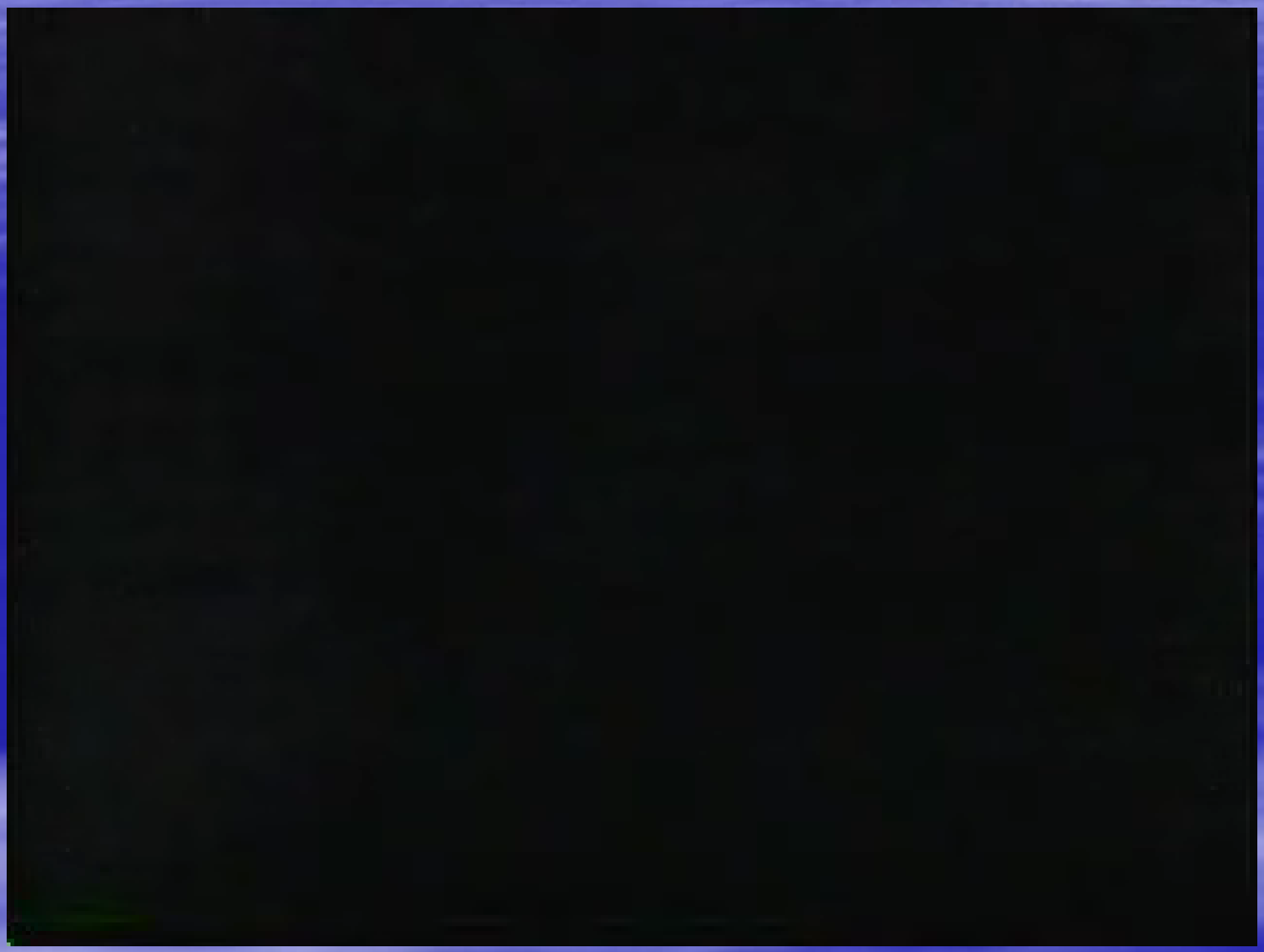
ON OR BEFORE MAY 1, 1933

all GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES now owned by them to a Federal Reserve Bank, branch or agency, or to any member bank of the Federal Reserve System.

Executive Order

CRIMINAL PENALTIES FOR VIOLATION OF EXECUTIVE ORDER
$10,000 fine or 10 years imprisonment, or both, as provided in Section 9 of the order

Pressure from the Elderly



YOUTH FOR WORK
OARP
LTD
AGE FOR LEISURE

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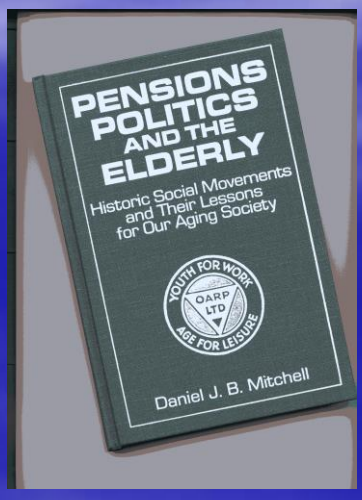
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Occupation: Professor-Emeritus
Schools: MIT, Columbia
Companies: UCLA
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